

May 6, 2004

Both House and Senate Budgets Create Huge Deficits

Dear Democratic Colleague:

The April 15 deadline to complete the budget resolution has come and gone, but House and Senate Republicans are still mired in disagreement and unable to produce a conference agreement on the 2005 budget. Reportedly, they cannot agree whether to include any form of PAYGO requirement on tax cuts.

Even if the Republicans can find common ground on that issue, the conference agreement will be flawed in several other important aspects. To cite just one example, the Republican budget will saddle us with unmanageable deficits into the indeterminate future because neither the House nor the Senate budget resolution ever reaches unified balance.

After three years of Republican stewardship, the country faces a projected ten-year deficit of \$2.9 trillion. The House Republican budget digs the hole deeper, with a deficit of \$377 billion for 2005 and annual deficits of at least \$235 billion for every year thereafter. The Senate budget appears to be slightly better, but its deficit figures omit any funding for ongoing operations in Iraq and Afghanistan in 2005, and it has annual deficits of at least \$200 billion for every subsequent year. Neither budget has a plan to bring the budget back to balance, and neither budget will even show how large deficits will be after 2009.

Deficit Comparison							
Dollars in Billions							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2005-2009</u>	<u>2005-2014</u>
President	-357.7	-271.3	-241.8	-252.2	-257.9	-1380.9	-2738.3
Senate-Passed	-341.1	-252.7	-222.7	-217.0	-200.3	-1233.8	?
House-Passed	-376.8	-271.3	-239.8	-234.9	-234.0	-1356.8	?

President and Senate-passed have no 2005 funding for Iraq/Afghanistan, House-passed has \$50 billion.

In contrast, the House Democratic budget would achieve balance within eight years through realistic policy choices that protect funding for key services. The Democratic budget

also has a better bottom line than the House Republican budget every year, meaning a smaller national debt and fewer resources wasted paying interest on the national debt.

Any 2005 budget resolution that the House and Senate Republicans can produce will still have this — and other — serious flaws. Those who care about protecting the government's fiscal security should, if Republicans are able to produce a budget resolution from this conference committee, oppose that conference agreement.

Sincerely,

John M. Spratt, Jr.
Ranking Democratic Member